



## **Work Assignment SOW**

**Title: Pay for Success Worker Training Program Feasibility Analysis**

**Contractor: IEc, Inc.**

**Contract No.: EP-W-10-002**

**Work Assignment Number: 3-56**

**Estimated Period of Performance:** Date of issuance to September 19, 2013

**Estimated Level of Effort:** 486 hours

**Key EPA Personnel:**

**Work Assignment COR (WA COR):**

**Pamela Swingle**

Region 4, Office of Sustainability

404-562-8482

**Contract Level COR:**

**Cheryl R. Brown**

Office of Policy (1805T)

202/566-0940

202/566-3001 (fax)

**Background and Purpose: Innovation Feasibility Analysis: Using “Pay For Success” to Finance Green Jobs through Recycling, Organics Recovery and Retrofit**

This proposal scales up existing OSWER worker training programs in recycling, organics recovery, and waste to energy through a new social investment model that could be more efficient and effective than the status quo of doling out ever-dwindling federal grants to third parties to develop and implement training programs that are primarily output based and don't track the long term employment potential of our job training programs. The proposal looks at the feasibility of identifying new investors in third party social investors who work with the grantees for green jobs training programs through a new mechanism called Social Impact Bonds or Pay for Success (PFS).

Green jobs investments for EPA and OSWER in particular, are old news. OSWER has invested heavily in jobs through recycling and recovery efforts at the national and regional level since the early 1990s. While “JTR—Jobs through Recycling” is no longer a formal effort, the advent of the official “Green Jobs” terminology has brought previous investments in job training back into the forefront of how we train new workers in environmental fields. There are different curricula that already exist for Zero Waste, Organics Recovery, recycling in new markets etc. and new substantial new material does not need to be developed. However, little data exists on how many jobs are obtained and how many people remain fully employed in these fields under these job training

initiatives. Currently, EPA provides funds to nonprofit organizations and eligible entities to deliver environmental workforce development and job training programs focused on hazardous and solid waste management, assessment, and cleanup associated activities, chemical safety, and wastewater management. Grants are provided to recruit, train, and place, unemployed and under-employed, predominantly low-income and minority, residents historically affected by hazardous and solid waste sites and facilities with the skills needed to secure full-time, sustainable employment in the environmental field and in the assessment and cleanup work taking place in their communities. Pay for Success theoretically offers a new way for EPA to ensure effective programs reach traditionally and currently underserved communities. The model places the risk of financing such programs on third party investors (e.g., foundations and other social investors). Investors and servicers (i.e., grantees) therefore have an incentive to be as effective as possible, because the larger impact they have on the outcome, the larger the repayment they will receive for their services. Pay for Success is strategic in that it supports innovation in broad-based initiatives which can be the first to get cut when budgets are slashed, even though research has proven the potential long-term cost-savings of such programs.<sup>i</sup> SIB is not just a financing or cost savings program. Its success hinges on whether the intermediaries and nonprofits that participate in the program are able to deliver measureable results.<sup>ii</sup>

This proposal, while addressing existing training programs, seeks to implement a new market mechanism that could foster better and more job training and implementation of recycling and organics recovery; and, actually track whether trained workers are employed and their employment is sustained in these green jobs. This proposal will scale up original EPA investments into training curricula in the areas of recycling, organics recovery, and waste to energy projects and energy efficiency by using Social Impact Bonds (SIB) or the Pay for Success Model (PFS). SIBs currently do not exist in America and have only been piloted in the United Kingdom and Australia, but never on environmental projects. SIBs, align the interests of the private and philanthropic investors with the public, around the desired outcomes. Instead of compensating investors based on the numbers of trainings and number of people trained, incentives are tied to people employed and jobs retained. By concentrating investment on programs that create measurable social benefits, SIBs have the potential to save taxpayers money. Enthusiasm for the model has grown internationally, following a pilot project in the U.K. that reduced re-offending rates among released prisoners by seven percent over an eight-year period at Peterborough Prison through worker training. Since then, the U.K. and Australia have launched additional SIB pilot programs in the areas of homelessness and care of individuals with disabilities.<sup>iii</sup> Massachusetts, Minnesota, and New York City are exploring options for using SIBs, but not for environmental programs. This feasibility analysis will explore how to use SIBs to finance and track environmental job training programs that have already been created or are underway in Memphis, Tennessee.

### **Quality Assurance (QA) Requirements**

Check [ ☐ ] Yes or [x] NO, if the following statement is true or false. The Contractor shall submit a written Quality Assurance Project Plan for any project that is developing

environmental measurements or a Quality Assurance Supplement to the Quality Management Plan for any project which generates environmental data using models with their technical proposal.

Work Assignment CORs will provide additional information here, if **Yes** is checked above

### **Tasks and Deliverables:**

The WA COR will review all deliverables in draft form and provide revisions and/or comments to the contractor. The contractor shall prepare the final deliverables incorporating the WA COR's comments.

Contractor personnel shall at all times identify themselves as Contractor employees and shall not present themselves as EPA employees. Furthermore, they shall not represent the views of the U.S. Government, EPA, or its employees. In addition, the Contractor shall not engage in inherently governmental activities, including but not limited to actual determination of EPA policy and preparation of documents on EPA letterhead.

### **Task 1 - Prepare Workplan**

The contractor shall prepare a workplan within 15 calendar days of receipt of a work assignment signed by the Contracting Officer. The workplan shall outline, describe and include the technical approach, resources, timeline and due dates for deliverables, a detailed cost estimate by task and a staffing plan. The WA COR, Contract Level COR and the CO will review the workplan. However, only the CO can approve/disapprove the workplan. The contractor shall prepare a revised workplan incorporating the Contracting Officer's comments, if required.

**1a. Workplan within 15 calendar days of receipt of work assignment.**

**1b. Revised workplan within 14 calendar days of receipt of comments from the Contracting Officer, if required.**

### **Task 2 - Analysis of Existing PFS Models Comparative [Section: Element 1.1, para(s) 3-4, page(s) 4]**

The contractor shall study international best practices, methodologies and metrics for current PFS models already being implemented in England and Australia, at a minimum. If the contractor identifies more countries, the contractor shall include at least two additional countries in the analysis.

In the analysis, the contractor shall look at existing models and identify similarities and differences that may exist for environmental job training programs:

(1) How is success defined? What are the metrics? What is the fee for payment structure? If investors get paid for success in green workforce strategies, how will success be defined for new business development, business expansion, and workforce

development strategies that would ensure that workers trained would be hired and fully employed? (2) What are the unintended consequences of the PFS model that are being explored internationally? What could be the unintended consequences of the PFS model for environmental workforce programs?

Before the work on the existing models analysis is conducted, the contractor shall participate in a kick-off conference call with the WA COR and representatives from various organizations in the City of Memphis. The WA COR will provide the Contractor with potential dates and times of the conference call and invite the representatives from other organizations to the call. The target date for the kick off conference call is mid-January 2013.

#### **Deliverables and schedule under Task 2**

2a. Kick-off call with contractor, WA COR, and other identified organizations by mid-November 2012.

2b. Within 60 days of call, contractor shall provide the WA COR with the analysis of existing programs. In consultation with the WA COR, the contractor shall identify whether a Word or spreadsheet format is the best presentation format for the information.

2c. The contractor shall complete the final analysis within 15 working days of receipt of comments from the WA COR.

#### **Task 3: - Comparative Analysis [Section: Element 1.1, para(s) 3-4, page(s) 4]**

The contractor shall conduct a comparative analysis of pay for success models being explored in the U.S. by focusing on at least 3, but no more than 6 states/localities. Three of the jurisdictions shall include: Massachusetts, New York and Minnesota. The contractor shall focus on exploring the following issues in the analysis: (1) how would the PFS model change to adapt to environment programs and training, what pieces would remain the same, what enabling legislation may be missing or needed (i.e., ability to do performance based contracting) at the local and state level to achieve a PFS model for environmental job training? (2) What may be the unintended consequences of the PFS model for green jobs training programs in the U.S.? (3) What is the feedback from policy makers in the relevant jurisdictions? What is the feedback of social investors?

The comparative analysis shall be prepared by the contractor to highlight the similarities and differences between the approaches. In consultation with the WA COR, the contractor shall be able to conduct this analysis concurrently with Task 2 and add the analysis to the work product completed in Task 2, or conduct this analysis after Task 2 has been completed.

#### **Deliverables and schedule under Task 3**

3a. Within 30 days of completion of Task 2, contractor shall provide the WA COR with the analysis of existing programs. In consultation with the WA COR, the contractor shall identify whether a Word or spreadsheet format is the best presentation format for the information.

3b. The contractor shall complete the final analysis within 15 working days of receipt of comments from the WA COR.

**Task 4 - Organizational Assessment [Section: Element 1.1, para(s) 3-4, page(s) 4]**

The contractor shall complete an organizational assessment—identifying not for profit, for profit, foundations, and government—that would be needed to build an effective PFS model in Memphis. As PFS focuses on the intermediaries—the contractor shall coordinate with EPA and other relevant organizations to identify those non-profits, universities, etc. who develop/deliver the training. The contractor shall also develop questions to help assess whether the intermediaries and the social investors exist in Memphis to implement a PFS model.

**Deliverables and schedule under Task 4**

4a. Within 10 working days of completing Task 3, the contractor shall work with EPA and appropriate stakeholders to identify people to interview to conduct the organizational assessment.

4b. The contractor shall develop interview questions and provide them to the WA COR for review within 15 days of completing 4a.

4c. The contractor shall interview up to 10 people to complete the organizational assessment. The interviews may be conducted via conference call or in person, depending on timing and availability.

4d. Draft organizational assessment shall be completed within 20 working days after the interviews have been completed. The organizational assessment shall be included in the final work product of Task 5.

**Task 5 - Create a Community PFS Playbook [Section: Element 1.5, para(s) 3-4, page(s) 7]**

The contractor shall create a community “playbook” (that uses Memphis as an example but would be written to serve other communities) for how to build support and infrastructure for PFS at the local level that can then be used by any community in the U.S. As other organizations/states/communities are looking at PFS for social programs, an analysis of green jobs training programs would still shed light on PFS implementation for other social programs in the U.S. The contractor shall incorporate other relevant aspects of the analyses conducted under Tasks 2-4 into the playbook as necessary.

The contractor shall deliver the final playbook in a electronic pdf format. The contractor shall also create a powerpoint presentation that summarizes the results of the cumulative research work on PFS.

**Deliverables and schedule under Task 5**

5a. Within 10 working days of completing Task 5, the contractor shall provide the WA COR with an outline of the playbook.

5b. The contractor shall develop a draft of the playbook within 40 working days of approval of the outline by the WA COR.

5c. Upon receipt of comments by the WA COR, the contractor shall provide the final playbook to the WA COR within 15 working days.

**Summary of Deliverables and Dates:**

- 1a. Workplan within 15 calendar days of receipt of work assignment.
- 1b. Revised workplan within 5 calendar days of receipt of comments from the, if required.
- 2a. Kick-off call with contractor, WA COR, and other identified organizations by mid-January 2013.
- 2b. Within 60 days of call, contractor shall provide the WA COR with the analysis of existing programs. In consultation with the WA COR, the contractor shall identify whether a Word or spreadsheet format is the best presentation format for the information.
- 2c. The contractor shall complete the final analysis within 15 working days of receipt of comments from the WA COR.
- 3a. Within 30 days of completion of Task 2, contractor shall provide the WA COR with the analysis of existing programs. In consultation with the WA COR, the contractor shall identify whether a Word or spreadsheet format is the best presentation format for the information.
- 3b. The contractor shall complete the final analysis within 15 working days of receipt of comments from the WA COR.
- 4a. Within 10 working days of completing Task 3, the contractor shall work with EPA and appropriate stakeholders to identify people to interview to conduct the organizational assessment.
- 4b. The contractor shall develop interview questions and provide them to the WA COR for review within 15 days of completing 4a.
- 4c. The contractor shall interview up to 10 people to complete the organizational assessment. The interviews may be conducted via conference call or in person, depending on timing and availability.
- 4d. Draft organizational assessment shall be completed within 20 working days after the interviews have been completed. The organizational assessment shall be included in the final work product of Task 5.
- 5a. Within 10 working days of completing Task 5, the contractor shall provide the WA COR with an outline of the playbook.
- 5b. The contractor shall develop a draft of the playbook within 40 working days of approval of the outline by the WA COR.
- 5c. Upon receipt of comments by the WA COR, the contractor shall provide the final playbook to the WA COR within 15 working days.

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<sup>i</sup> Not for Profit Quarterly, January 24, 2012, "[U.S. to Fund "Pay For Success" Prevention Programs](#)"

<sup>ii</sup> <http://www.tacticalphilanthropy.com/2011/05/pay-for-success>

<sup>iii</sup> <http://nonprofitfinancefund.org/pay-for-success>

**EPA**United States Environmental Protection Agency  
Washington, DC 20460**Work Assignment**

Work Assignment Number

3-56

☐ Other ☐ Amendment Number:

Contract Number

EP-W-10-002

Contract Period 11/19/2009 To 09/19/2014

Base

Option Period Number 3

Title of Work Assignment/SF Site Name

Worker Training Feasibility An

Contractor

INDUSTRIAL ECONOMICS, INCORPORATED

Specify Section and paragraph of Contract SOW

Elm 1.1, para 3-4, pg 4, Elm 1.5, para 3-4, pg 7

Purpose:



Work Assignment



Work Assignment Close-Out



Work Assignment Amendment



Incremental Funding



Work Plan Approval

Period of Performance

From 09/20/2012 To 09/19/2013

Comments

The purpose of this action to Work Assignment (WA) 3-56 is to approve the contractor's work plan and estimated budget dated December 21, 2012 for 526 level of effort hours, estimated cost of (b)(4) and fixed fee of (b)(4) for a total ceiling of \$57,632.36.



Superfund

Accounting and Appropriations Data



Non-Superfund

SFO  
(Max 2)

Note: To report additional accounting and appropriations data use EPA Form 1900-69A

Line	DCN (Max 6)	Budget/FY (Max 4)	Appropriation Code (Max 6)	Budget Org/Code (Max 4)	Program Element (Max 9)	Object Class (Max 4)	Amount (Dollars)	(Cents)	Site/Project (Max 8)	Cost Org/Code (Max 7)
1										
2										
3										
4										
5										

## Authorized Work Assignment Ceiling

Contract Period

11/19/2009 To 09/19/2014

Cost/Fee:

LOE:

This Action

Total:

## Work Plan / Cost Estimate Approvals

Contractor WP Dated: 12/21/2012

Cost/Fee: \$57,632.36

LOE: 526

Cumulative Approved

Cost/Fee: \$57,632.36

LOE: 526

Work Assignment Manager Name Pamela Swingle

Branch/Mail Code:

Phone Number: 404-562-8482

FAX Number:

(Signature)

(Date)

Project Officer Name Cheryl R. Brown

Branch/Mail Code:

Phone Number: 202-566-0940

FAX Number:

(Signature)

(Date)

Other Agency Official Name

Branch/Mail Code:

Phone Number:

FAX Number:

(Signature)

(Date)

Contracting Official Name Stefan Marsiyan

Branch/Mail Code:

Phone Number: 202-564-1987

FAX Number:

(Signature)

(Date) 1/18/13



**EPA**United States Environmental Protection Agency  
Washington, DC 20460**Work Assignment**

Work Assignment Number

3 56

☐

Other

☒

Amendment Number:

000001

Contract Number

EP-W-10-002

Contract Period 11/19/2009 To 09/19/2014

Base

Option Period Number

3

Title of Work Assignment/SF Site Name

Worker Training Feasibility An

Contractor

INDUSTRIAL ECONOMICS, INCORPORATED

Specify Section and paragraph of Contract SOW

EIm 1.1, para 3-4, pg 4, EIm 1.5, para 3-4, pg7

Purpose:

☐

Work Assignment

☐

Work Assignment Close-Out

☒

Work Assignment Amendment

☐

Incremental Funding

☒

Work Plan Approval

Period of Performance

From 09/20/2012 To 09/19/2013

Comments:

The purpose of this action under Work Assignment 3-56 is to approve the contractor's work plan and budget estimate dated July 17, 2013 for 68 level of effort hours, estimated cost of (b)(4) and fixed fee of (b)(4)

☐

Superfund

Accounting and Appropriations Data

☒

Non-Superfund

SF-O  
(Max 2)☐

Note: To report additional accounting and appropriations data use EPA Form 1900-69A.

Line	DCN (Max 6)	Budget/FY (Max 4)	Appropriation Code (Max 6)	Budget Org/Code (Max 7)	Program Element (Max 3)	Object Class (Max 4)	Amount (Dollars)	(Cents)	Site/Project (Max 8)	Cost Org/Code (Max 7)
1										
2										
3										
4										
5										

## Authorized Work Assignment Ceiling

Contract Period: 11/19/2009 To 09/19/2014	Cost/Fee: \$57,632.36	LOE 526
This Action:	\$6,998.37	68
Total:	\$64,630.73	594

## Work Plan / Cost Estimate Approvals

Contractor WP Dated: 07/17/2013	Cost/Fee: \$6,998.37	LOE 68
Cumulative Approved	Cost/Fee: \$64,630.73	LOE: 594

Work Assignment Manager Name Pamela Swingle

Branch/Mail Code:

(Signature)

(Date)

Phone Number 404 562 8482

FAX Number:

Project Officer Name Cheryl R. Brown

Branch/Mail Code:

(Signature)

(Date)

Phone Number: 202-566-0940

FAX Number:

Other Agency Official Name

Branch/Mail Code:

(Signature)

(Date)

Phone Number:

FAX Number:

Contracting Official Name Stefan Martiyar

Branch/Mail Code:

(Signature)

(Date)

Phone Number: 202-564-1987

FAX Number: